



Evaluation of regulation for flexibility – a methodology

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Flexible Nordic Energy Systems



Evaluation of regulation for flexibility – a methodology

COPENHAGEN, 12–13 SEPTEMBER 2017

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AALBORG UNIVERSITY
DENMARK



Heat Roadmap Europe
A low-carbon heating and cooling strategy

2050



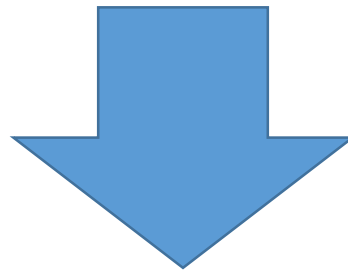
norden

Nordic Energy Research

Last year's presentation

→ 2 papers

- Last year's 4GDH: *"Framework conditions for flexibility options in the district heating–electricity interface"*



"Regulatory incentives for flexible district heating plants in the Baltic countries"

- Accepted for *Utility Policy* (revisions)

"Incentives for flexible district heating in the Nordics"

- Final touches before submission

Objectives for today's presentation

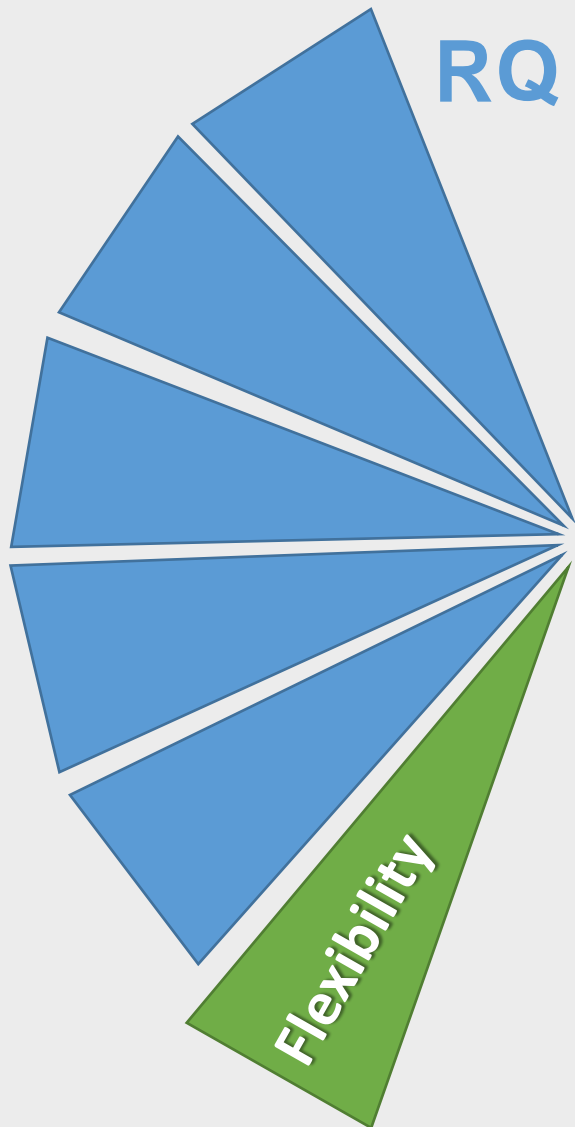
1

First steps in methodology for evaluation of DH regulation

Next steps: Using it

2

Get your feedback and criticism
– similar studies, contacts, literature



How can regulation for flexibility be evaluated in a comprehensive system- and societal impact analysis?

Why score regulation?



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Flexibility for flexibility's sake

=

One-eyed & irrelevant

Flexibility for society's + energy system's sake

=

Comprehensive & relevant



3 areas of flexibility-regulation

- Increased **Operation** of flexible DH
- Increased **Investment** in flexible DH
- **Non-economic regulation** affecting flexible DH

As described and defined in

Møller Sneum, D., Sandberg, E., Koduvere, H., Olsen, O.J., Blumberga, D., 2017. Regulatory incentives for flexible district heating plants in the Baltic countries. Submitted.

Møller Sneum, D., Sandberg, E., Rosenlund Soysal, E., Skytte, K., Olsen, O.J., 2016. Framework conditions for flexibility in the district heating-electricity interface, Flex4RES Project. Lyngby.

3 areas – examples of regulation



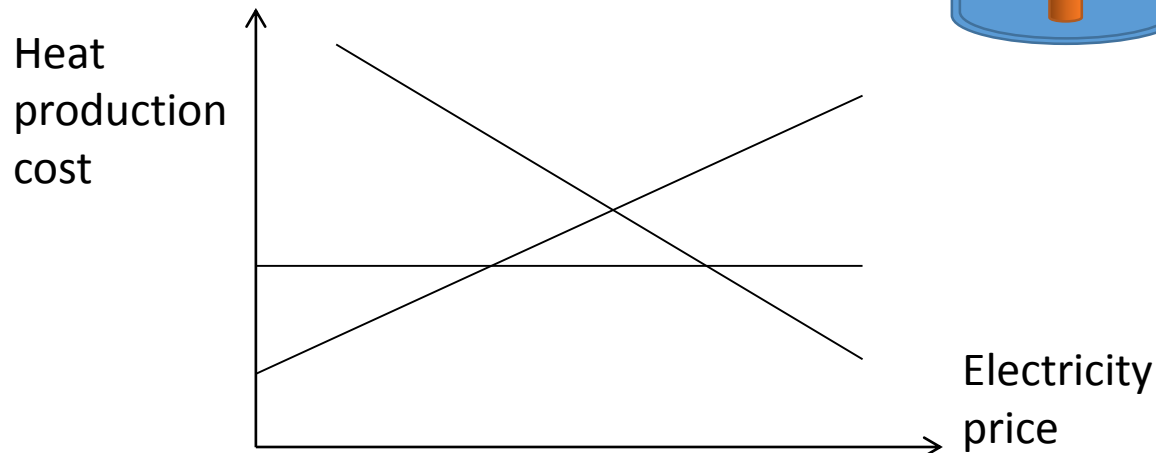
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Non-economic regulation

Environmental regulation, technology restrictions, ownership

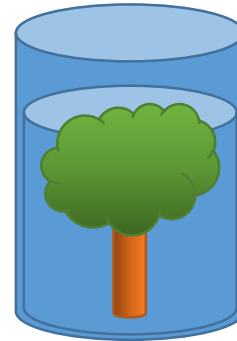
Operation

Taxes, subsidies, grid tariffs

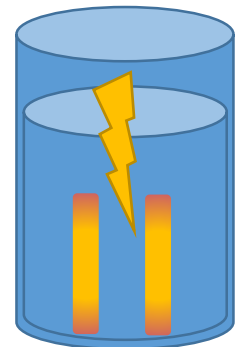


Investment

Subsidy, rate of return requirements, financing requirements



?





Parameters for scoring

Flexibility

- Ability to integrate VRE (CEEP)
 - Lund, 2014, Lund et al., 2014
- Total share of RE
 - IEA, 2014; Lund and Mathiesen, 2015

Socio-economy

- Fiscal impacts – increase or maintain state revenue
 - Danish Energy Agency, 2007
- Externalities
 - Ministry of Finance, 1999; Lauber, 2005; Miljøministeriet, 2010; Norges vassdrags- og energidirektorat (NVE), 2003; The Environmental Economic Council, 2017, 2016, Ea Energy Analyses, 2016

Business economy

- Increase or maintain company revenue (suppliers as well as grid companies).
 - Assumption

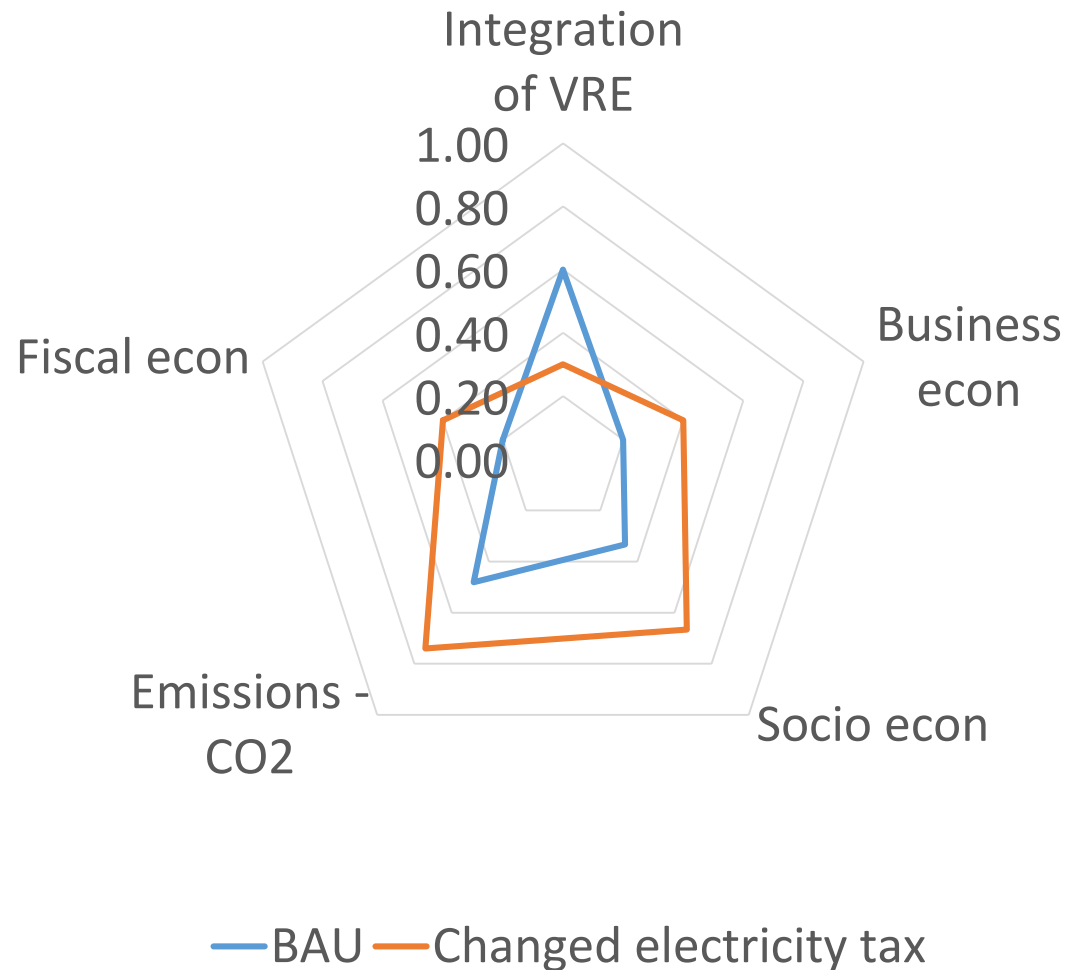
Political goals

- Decrease GHG or other environmental targets
 - Current policies
- Welfare
 - Webb, 2015



Values
purely based
on numbers:
TWh
TCO₂
EUR
etc.

THIS IS AN
EXAMPLE



Next steps

1. Expert review of scoring method

2. Testing the scoring method



3. Applying method on flexibility-related regulation (following studies; not this one).

4. Recommendations for regulation



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FYI: Study on modern DH in US coming up!

Framework conditions for DH in US starting January 2018

Inputs and ideas very welcome

- Collaboration
- Contacts
- Previous studies
- Financing for the research

Objectives



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1

First steps in
methodology for
evaluation of DH
regulation

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Get your feedback
and criticism
– similar studies,
contacts, literature



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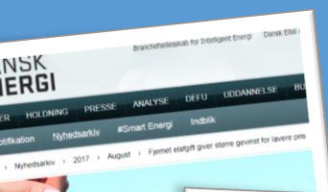
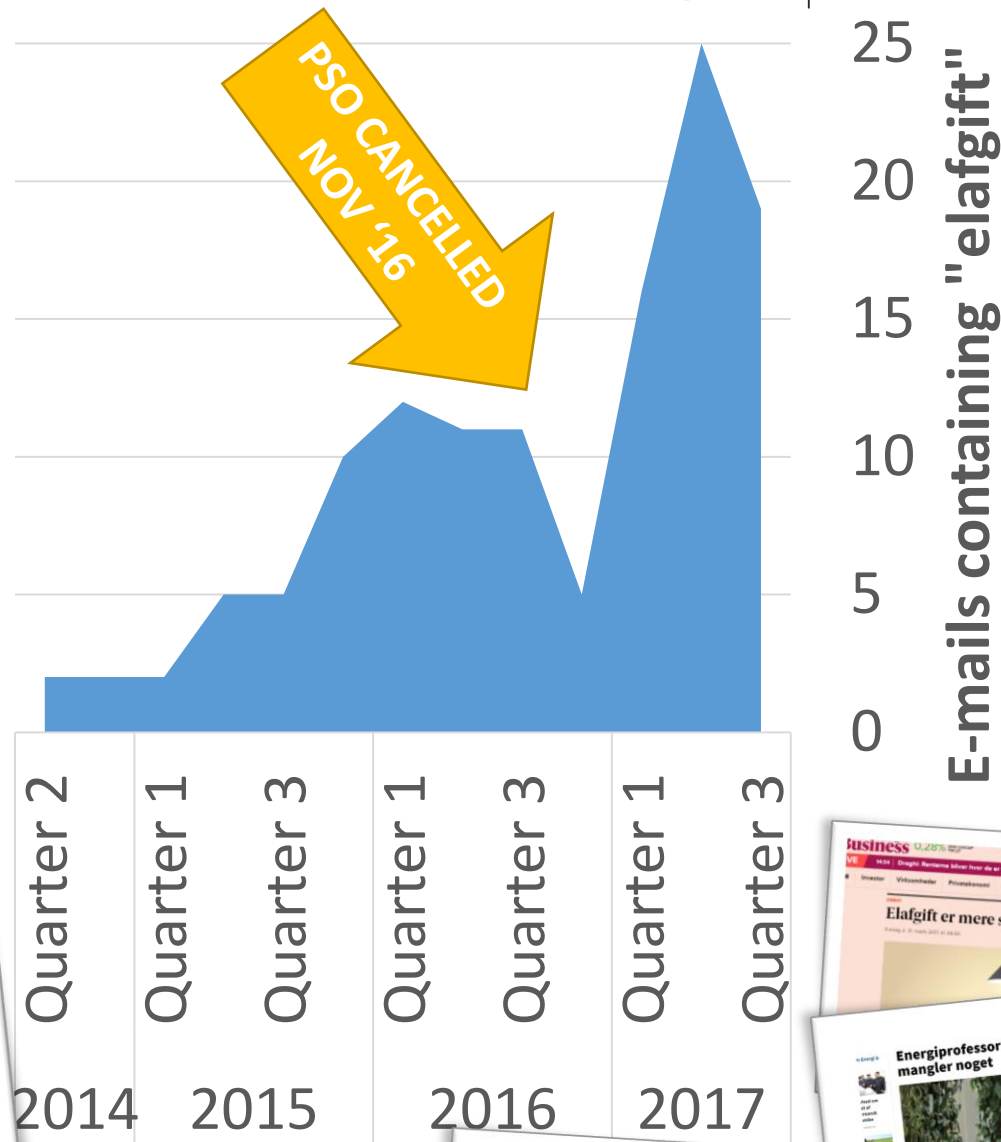
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Relevant testing of scoring method: Electricity tax



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Based on the following newsletters since April 2014:
 Danish District Heating Association
 Danish Energy Association
 EnergiWatch
 Danish Ministry of Energy, Utilities and Climate

